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| <b>Report to Accountability Board</b>        | <b>Forward Plan reference number:</b><br>N/A   |
| <b>Date of Accountability Board Meeting:</b> | <b>17<sup>th</sup> November 2017</b>   |
| <b>Date of report:</b>                       | <b>5<sup>th</sup> November 2017</b>  |
| <b>Title of report:</b>                      | <b>A13 widening update report</b>  |
| <b>Report by:</b>                            | <b>Rhiannon Mort, SELEP Capital Programme Manager<br/>Paul Rogers, Programme Manager Major Schemes,<br/>Thurrock Council</b> |
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## **1. Purpose of report**

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the A13 widening project (the Project).

## **2. Recommendations**

- 2.1 The Board is asked to:

- 2.1.1 **Note** the update report; and  
2.1.2 **Agree** to the acceleration of Department for Transport (DfT) retained funding on the A13 widening scheme in advance of the Local Growth Fund (LGF) A13 widening development funding

## **3. Background**

- 3.1 The A13 widening project was allocated LGF through LGF Round 1, with a provisional allocation of up to £75m; the largest allocation of all the LGF projects within SELEP's Growth Deal programme.
- 3.2 The Project will increase highway capacity of the A13, in order to reduce congestion, facilitating growth at London Gateway and remove constraints to development; thereby unlocking the full potential of the corridor to deliver jobs and housing.
- 3.3 The LGF investment will widen the A13 between the A13 interchange with the A128 (Orsett Cock Roundabout) and A1014 at Stanford-le-Hope. This will complete a 3-lane carriageway from the M25 to the A1014 interchange.
- 3.4 As a large scale investment, the DfT identified the Project as a retained scheme, meaning that the project would be held as part of the DfT's major schemes portfolio. LGF is received by SELEP Accountable Body directly from

the DfT, rather than via the Department for Communities and Local Government (as is the case for non-retained LGF projects).

- 3.5 The Secretary of State for Transport's approval was required for the full Business Case and award of funding. Project update monitoring reports are also submitted to the DfT directly each quarter through the lifecycle of the project, rather than DCLG.
- 3.6 SELEP approved the award of £5m LGF development funding to the Project, to be spent in 2016/17, to enable the Project to progress in advance of the final Business Case approval by the Secretary of State for Transport. However, spend of £2.292m A13 Widening development funding has slipped from 2016/17 to 2017/18, as approved by the Board on the 22<sup>nd</sup> September 2017. This slippage was due to an overly ambitious spend forecast for the Project and delays to the Business Case sign off.
- 3.7 On the 31<sup>st</sup> March 2017, the Board approved the award of a further £66.057m LGF to the Project. This further award of funding, to enable the delivery and construction of the Project, was subject to Secretary of State approval, which was granted on the 12<sup>th</sup> April 2017; news welcomed by SELEP and Thurrock Council.

#### 4. A13 widening delivery update

- 4.1 At the end of June/beginning of July, Thurrock Council (the Council) awarded two separate contracts. The detail design contract was awarded to Atkins and the construction contract was awarded to Kier. Since award, Atkins and Kier have been working together to develop a combined programme and revised expenditure profile.
- 4.2 The revised programme and spend profile has identified a substantial slippage of LGF from a planned spend of £28.544m in 2017/18 to a revised forecast spend for 2017/18 of £10.337m in relation to the DfT retained LGF; this is in addition to the £2.292m A13 widening development funding LGF that has already slipped from 2016/17. This is shown in Table 1 below. As such, a forecast slippage of £18.207m DfT retained LGF has been reported.

**Table 1 A13 Widening LGF spend planned and updated forecast**

|                                      |         |         |         |         |         |         |        |
|--------------------------------------|---------|---------|---------|---------|---------|---------|--------|
| Original Spend Profile (March 2017)  |         |         |         |         |         |         |        |
| £M LGF                               | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total  |
| DfT Retained Scheme Funding          | -       | 28.544  | 20.236  | 17.277  | -       | -       | 66.057 |
| SELEP Development Funding            | 5.000   | -       | -       | -       | -       | -       | 5.000  |
| Updated Spend Forecast (August 2017) |         |         |         |         |         |         |        |
| £M LGF                               | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total  |
| DfT Retained Scheme Funding          | -       | 10.337  | 33.224  | 20.613  | 1.197   | 0.685   | 66.057 |
| SELEP Development Funding            | 2.708   | 2.292   | -       | -       | -       | -       | 5.000  |

- 4.3 In light of the substantial level of LGF slippage, a meeting was held with the DfT officers, involving SELEP and the Council, to discuss the slippage and to consider mitigation options; mitigations being considered by the DfT are set out in section 6 below.
- 4.4 To ensure greater accuracy of report and oversight of the Project, the Council has put in place additional project and programme governance measures, including:
- 4.4.1 Monthly project board meetings involving monthly review of the programme and spend profile by Thurrock officers;
  - 4.4.2 Quarterly Thurrock Council LGF programme board meetings to review the programme in advance of updates to SELEP or Government;
  - 4.4.3 Better adherence to reporting guidance on the reporting of planned and actual expenditure;
  - 4.4.4 Increased level of communication with DfT; and
  - 4.4.5 Quarterly update reports to SELEP Accountability Board.
- 4.5 In addition, the DfT have requested that DfT retained scheme LGF funding is spent in advance of the LGF development funding. If this request is approved by the Board, the remaining £2.292m LGF development will be used to support the delivery and construction of the Project and the spend profile will be updated, as shown in Table 2 below.
- 4.6 The slippage of £2.292m LGF development funding from 2017/18 to 2018/19 will add to the overall LGF forecast slippage from 2017/18 to 2018/19 and has been included in the forecast LGF slippage detailed in the capital programme update report under Agenda Item 11.
- 4.7 Spend of DfT retained LGF in advance of the development funding will reduce the DfT retained LGF slippage from 2017/18 to 2018/19 to £15.915m.

**Table 2 A13 widening updated spend forecast (October 2017), including acceleration of DfT retained funding**

| Updated Spend Forecast (October 2017) |         |         |         |         |         |         |        |
|---------------------------------------|---------|---------|---------|---------|---------|---------|--------|
| £M LGF                                | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total  |
| DfT Retained Scheme Funding           | -       | 12.629  | 30.932  | 20.613  | 1.197   | 0.685   | 66.057 |
| SELEP Development Funding             | 2.708   | -       | 2.292   | -       | -       | -       | 5.000  |

## 5. A13 Project Delivery Update

- 5.1 The detailed design and construction contracts have now been awarded and the following project milestones have been identified:

- Contract award: 3 July 2017
- Ground investigation: 14 August 2017 to 15 January 2018
- Detailed Design: 26 July 2017 to 16 May 2018
- Site clearance: 31 October 2017 to 28 June 2018
- Statutory Undertakers' Diversions: 4 September 2017 to 22 August 2019
- Construction: 17 May 2018 to 28 October 2019
- Terminal float: 29 October 2019 to 6 March 2020

5.2 The Business Case set out the proposed completion of the Project by December 2019. It is now expected that the Project construction phase will be completed by the end of March 2020.

5.3 The A13 widening project programme and spend profile will be kept under review by the Council and this will be used to inform all future reporting returns to SELEP Secretariat, the DfT and quarterly update report to the Board.

## **6. Mitigating DfT retained scheme DfT funding**

6.1 In April 2017, the DfT transferred the total £28.544m LGF allocation for 2017/18 which was planned to be spent on the Project during this financial year.

6.2 Given the forecast slippage of £15.915m, the DfT is currently considering whether this funding should be transferred back to the DfT for investment elsewhere in DfT's major projects portfolio in 2017/18.

6.3 Alternatively, the amount of funding transferred to SELEP Accountable Body in Quarter 1 2018/19 may be reduced until the LGF currently held by SELEP and the Council, in relation to the Project, has been spent.

6.4 Once the DfT have determined their preferred option, the Board will be updated accordingly.

## **7. Financial Implications (Accountable Body comments)**

7.1 The risk of return or withholding of future allocations until needed of the Local Growth Fund (retained element) by the DfT, does not have significant financial implications for the Project funding, as, at present, there is no suggestion that the funding for the Project will not continue to be committed by the DfT.

7.2 The return of the Local Growth Fund to the DfT, should they request it, would reduce the amount of interest earned on balances held by SELEP by an estimated £70,000; further detail on this is set out in Agenda item 12.

7.3 With regard to swapping out LGF spend allocated by the DCLG for LGF allocated by the DfT, from the SELEP position, this is largely presentational; however, this arrangement will need to be clarified with the CLG to ensure that they are clear with regard to the additional slippage in the main LGF programme for 2017/18.

## **8. Legal Implications (Accountable Body comments)**

- 8.1 There are no legal implications arising out of this decision. All funding is being transferred to the sponsoring authority under the provisions of the SLAs already in place.

## **9. Staffing and other resource implications (Accountable Body comments)**

- 9.1 None at present.

## **10. Equality and Diversity implication**

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **11. List of Appendices**

- 11.1 None

## **12. List of Background Papers**

- Business Case for A13 Widening Project

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

| <b>Role</b>                      | <b>Date</b> |
|----------------------------------|-------------|
| <b>Accountable Body sign off</b> |             |

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| Lorna Norris<br>(On behalf of Margaret Lee) | 09/11/2017 |
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